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18 Sept 79

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Attached for your review is a proposed draft of the speech you are scheduled to give at the first Auditorium session introducing the new Performance Appraisal System. It will be held at 1400 hours, 27 September. You will be followed by [REDACTED] of OTR who will, with the use of slides, discuss the new system in greater detail. We plan to videotape your remarks for use in the 6 subsequent sessions which will be attended by all Agency supervisors. We are assuming that you do not plan to answer questions since [REDACTED] and a panel of Office of Personnel representatives will be available for that purpose.

It is suggested that we meet with you several days prior to 27 September to discuss details of the Auditorium sessions and to answer any questions you may have.

cc: DD/A Harry E. Fitzwater

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(18 Sept 79)

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DDCI'S SPEECH

I have asked you to come here today for the first of a series of briefings on the new performance appraisal system which will become effective in the Agency on Monday.

The new system has been a long time in coming. It has been studied by an inter-Directorate task force, the NAPA consultant team, the Executive Committee, and other management and employee groups. Nevertheless, this active participation of many parties does not eliminate the controversy from the subject of performance appraisal. There is no perfect performance appraisal system. The rest of Government and much of industry have many of the same problems we do. We feel, however, that our system is based on the best state-of-the-art information available to us. While it may not completely satisfy everyone, the DCI and I have reviewed and considered all the recommendations and made a final decision which we feel best meets the needs of the Agency.

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There are several important points to be made about the new system. First, there is a much greater emphasis on the links between goal setting, performance, and rewards. The Carter Administration has pushed for accountability in Government, particularly in the portions of the Civil Service Reform Act dealing with the Senior Executive Service and merit pay. This Agency supports the spirit of that Act, even though we are exempt from many of its provisions. In an era of diminishing resources, it is imperative that we clearly identify and prioritize our goals and provide a mechanism by which those who attain those goals are rewarded.

A major step toward improving our personnel management system by linking goals, performance and rewards is the new Performance Appraisal System. All employees of the Agency are covered by the new system, including those GS-16 through GS-18, SPS and EP-IV and V employees who will be converted to the Senior Intelligence Service. For that group there

will be specific guidance for the use of the new forms designed to support performance award determinations. Obviously, memoranda in lieu of fitness reports are no longer accepted for any grade.

A point to remember is that in the personnel management business, as in many other arenas, perceptions are often as important as reality. One of the major objectives of this session today and of the briefings and training courses that will follow is to give every supervisor a common base of knowledge at the outset. There will still be some questions and perhaps misperceptions, but the uniformity of the system, the guidance, and the publicity should go a long way toward building a common understanding among supervisors and subordinates.

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 will be describing each element of the system in more detail in a few minutes, but in summary the system consists of three elements: a Performance Appraisal

Report, which replaces the Fitness Report; an Advance Work Plan, which replace the LOI; and an Evaluation of Potential, which allows the supervisor to provide input to panels on the issue of potential.

I see three major areas in which we, as senior officers, must set an example for the rest of the Agency. The first area is in our roles as rating or reviewing officers. Most of us are responsible for the development of individuals who will follow us as this organization's leaders. This responsibility cannot be taken lightly. The performance appraisal process, and the counseling and individual development which are part of that process, are designed to back up some hard decisions. It won't do that unless we use it in the way it is intended. That means honest appraisal, counseling weak performers, challenging strong performers to take on broader or higher levels of responsibility, and accurately and fairly assessing potential

for executive level responsibilities. While this is all sound, basic management policy, it is not easy to accomplish given the unpredictability and vulnerability of interpersonal relationships. In the Senior Intelligence Service environment, where the performance awards will be available only to the top 50%, the incentive is there to consider performance appraisal more carefully than ever before.

Our second role as leaders is to set standards for our subordinate supervisors. The degree to which any system is successful depends on support from the top. The Director and I are committed not only to maintaining but also to improving the excellence of this Agency's personnel by rewarding those who excel and counseling those who do not meet minimum standards to seek careers elsewhere. The performance appraisal process is at the heart of maintaining the strongest possible workforce. If we take it seriously and make it work, and make it clear that we expect our

subordinate supervisors to do the same, we can maintain the integrity of the workforce at all levels. Wherever we do not, we have a weak link in the system and in the organization.

Our third role is as enforcers, not in a punitive sense, but in a managerial sense. If corrective action is necessary, I expect you to take it, by insisting on adherence to the principles of the system and rejecting examples of appraisal which do not comply.

In closing, let me emphasize that the importance of the performance appraisal system is not in the system itself, but in the fundamental part it plays in the management of this Agency. The new system is an improvement over the old and meets the requirements of changing managerial demands. I expect each of you to ensure that performance appraisal within your area of responsibility is carried out according to the principles and procedures outlined here today and in subsequent guidance. Performance appraisal is never easy,

but it is an essential part of a management, and we, as
leaders of this organization, are responsible for making it
work.

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